

**SAOBACDAU TECHNOLOGIES
CORPORATION AND ITS SUBSIDIARIES**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2016



**SAOBACDAU TECHNOLOGIES CORPORATON
AND ITS SUBSIDIARIES**

Address: Lot U12B – 16A, Street 22, Tan Thuan Export
Processing Zones, Tan Thuan Dong Ward,
District 7, Ho Chi Minh City

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**SAOBACDAU TECHNOLOGIES CORPORATON
AND ITS SUBSIDIARIES**

Address: Lot U12B – 16A, Street 22, Tan Thuan Export
Processing Zones, Tan Thuan Dong Ward,
District 7, Ho Chi Minh City

THE MANAGEMENT'S REPORT
For the financial year ended 31 December 2016

THE MANAGEMENT'S REPORT

The Management of SaoBacDau Technologies Corporation (hereinafter referred to as "the Company") hereby presents its report and the audited consolidated financial statements of the Company and its subsidiaries (together with the Company hereinafter referred to as "the Group") for the financial year ended 31 December 2016.

MEMBERS OF THE BOARD OF DIRECTORS, THE CONTROL COMMITTEE, AND THE MANAGEMENT

Members of the Board of Directors during the period and on the date of this report include:

<u>Full name</u>	<u>Position</u>
Mr. Nguyen Duc Quang	Chairperson
Mr. Tran Tuyen Duc	Vice Chairperson
Mr. Tran Anh Tuan	Member
Mr. Do Van Hao	Member
Mr. Le Hong Phong	Member
Mr. Hoang Hai Thinh	Member
Mr. Nguyen Viet Thang	Member (Appointed wef 03 January 2017)
Mr. Dang Nam Son	Member (Resigned wef 03 January 2017)

Members of the Control Committee during the period and on the date of this report include:

<u>Full name</u>	<u>Position</u>
Ms. Mai Thi Thuy Mai	Head
Ms. Nguyen Thi Minh Huan	Member
Ms. Nguyen Thi Thu Hien	Member (Appointed wef 22 April 2016)
Mr. Le Phuoc Lo	Member (Resigned wef 22 April 2016)

Members of the Management during the period and on the date of this report include:

<u>Full name</u>	<u>Position</u>
Mr. Tran Anh Tuan	Chief Executive Officer
Mr. Hoang Hai Thinh	Chief Business Office
Mr. Le Hong Phong	Senior Vice President of Sale
Mr. Le Quoc Khanh	Vice President of Sale
Mr. Nguyen Viet Thang	Vice President of Sale
Mr. Nguyen Xuan Truong	Vice President of Sale
Mr. Nguyen Xuan Quang	Vice President of Sale (Resigned wef 03 January 2017)
Mr. Ha The Thap	Vice President Operation (Resigned wef 01 April 2016)

RESPONSIBILITY OF THE MANAGEMENT

The Group's Management is responsible for preparing the consolidated financial statements of each period which give a true and fair view of the consolidated financial position of the Group and the consolidated results of its operations and its consolidated cash flows. In preparing these consolidated financial statements, the Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any departures that need to be disclosed and explained in the financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- Design and implement the internal control system effectively for a fair preparation and presentation of the consolidated financial statements so as to mitigate error or fraud.

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THE MANAGEMENT'S REPORT
For the financial year ended 31 December 2016

THE MANAGEMENT'S REPORT (CONTINUED)

The Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and ensure that the consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing accounting regulations in Vietnam. The Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management confirm that the Group has complied with the above requirements in preparing these consolidated financial statements.

AUDITOR

The accompanying consolidated financial statements of the Group for the financial year ended 31 December 2016 were audited by RSM Vietnam Auditing & Consulting Company Limited, a member firm of RSM International.

STATEMENT BY THE MANAGEMENT

In the Management's opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and the consolidated results of its operations and its consolidated cash flows for the financial year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.

For and on behalf of the Management



Tran Anh Tuan
Chief Executive Officer
Ho Chi Minh City, 28 March 2017

No: 17.303HN/BCKT-RSM HCM

INDEPENDENT AUDITOR'S REPORT

To: Members of the Board of Directors
Members of the Management
SAOBACDAU TECHNOLOGIES CORPORATION

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of SaoBacDau Technologies Corporation (hereinafter referred to as "the Company") and its subsidiaries (together with the Company hereinafter referred to as "the Group") prepared on 28 March 2017 as set out from page 05 to page 33, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, and consolidated cash-flow statement for the financial year then ended, and the notes to the consolidated financial statements.

Management's Responsibility

The Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards and Vietnamese Corporate Accounting System and relevant legislation as to the preparation and presentation of consolidated financial statements and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of SaoBacDau Technologies Corporation and its subsidiaries as at 31 December 2016, and of the consolidated results of its financial performance and its consolidated cash flows for the financial year then ended in accordance with Vietnamese Accounting Standards and Vietnamese Corporate Accounting System and relevant legislation as to the preparation and presentation of consolidated financial statements.



Luc Thi Van

Vice General Director

Audit Practice Registration Certificate:
0172-2016-026-1

Huynh Thi Ngoc Trinh

Auditor

Audit Practice Registration Certificate:
2124-2016-026-1

RSM Vietnam Auditing & Consulting Company Limited

Ho Chi Minh City, 28 March 2017

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CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

Form B 01 - DN/HN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

Expressed in VND

ASSETS	Code	Notes	At as 31 Dec. 2016	At as 01 Jan. 2016
A. CURRENT ASSETS	100		541,501,107,821	438,558,949,252
I. Cash and cash equivalents	110	5.1	58,442,904,644	17,554,131,683
1. Cash	111		43,942,904,644	17,409,684,609
2. Cash equivalents	112		14,500,000,000	144,447,074
II. Current account receivables	130		322,469,004,703	324,708,037,645
1. Trade receivables	131	5.2	252,209,268,824	224,332,800,601
2. Advances to suppliers	132	5.3	11,091,581,934	65,235,552,121
3. Other current receivables	136	5.4	61,675,616,581	37,647,147,559
4. Provision for doubtful debts	137		(2,507,462,636)	(2,507,462,636)
III. Inventories	140	5.5	158,082,639,136	93,521,679,748
1. Inventories	141		162,015,216,595	95,395,957,372
2. Provision for decline in value of inventories	149		(3,932,577,459)	(1,874,277,624)
IV. Other current assets	150		2,506,559,338	2,775,100,176
1. Current prepayments	151		1,158,786,905	708,994,238
2. Value added tax deductible	152		1,347,772,433	2,066,105,938
B. NON-CURRENT ASSETS	200		70,620,555,916	76,007,563,437
I. Non-current account receivables	210		50,729,088	474,623,325
1. Other non-current receivables	216		50,729,088	474,623,325
II. Fixed assets	220		56,682,158,502	63,442,279,993
1. Tangible fixed assets	221	5.6	56,527,264,924	63,384,776,582
Cost	222		128,793,090,710	114,315,384,065
Accumulated depreciation	223		(72,265,825,786)	(50,930,607,483)
2. Intangible fixed assets	227	5.7	154,893,578	57,503,411
Cost	228		1,485,013,649	1,341,223,555
Accumulated amortisation	229		(1,330,120,071)	(1,283,720,144)
III. Non-current assets in progress	240		800,160,653	189,342,393
1. Construction in progress	242		800,160,653	189,342,393
IV. Other non-current assets	260		13,087,507,673	11,901,317,726
1. Non-current prepayments	261	5.8	12,898,744,339	11,693,678,059
2. Deferred income tax assets	262		188,763,334	207,639,667
TOTAL ASSETS (270 = 100 + 200)	270		612,121,663,737	514,566,512,689

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CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

Form B 01 - DN/HN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2016

Expressed in VND

RESOURCES	Code	Notes	At as 31 Dec. 2016	At as 01 Jan. 2016
C. LIABILITIES	300		497,547,277,314	410,282,390,931
I. Current liabilities	310		496,274,492,748	403,398,290,300
1. Trade payables	311	5.9	254,657,429,058	185,415,514,987
2. Advances from customers	312	5.10	25,842,559,689	71,244,473,871
3. Taxes and amounts payable to the state budget	313	5.11	6,087,740,128	8,738,591,587
4. Payables to employees	314	5.12	4,952,152,234	5,006,983,420
5. Accrued expenses	315	5.13	6,246,249,937	11,027,914,309
6. Current unearned revenue	318	5.14	5,382,744,347	4,920,184,534
7. Other current payables	319	5.15	4,131,102,451	3,316,676,161
8. Current loans and obligations under finance leases	320	5.16	188,974,514,904	113,727,951,431
II. Non-current liabilities	330		1,272,784,566	6,884,100,631
1. Accrued expenses	333	5.13	1,272,784,566	1,239,101,631
2. Non-current loans and obligations under finance leases	338	5.16	-	5,644,999,000
D. OWNER'S EQUITY	400		114,574,386,423	104,284,121,758
I. Equity	410	5.17.1	114,574,386,423	104,284,121,758
1. Owner's contributed capital	411	5.17.2	84,879,070,000	82,879,070,000
Ordinary shares carrying voting rights	411a		84,879,070,000	82,879,070,000
2. Treasury shares	415		(1,533,333,333)	-
3. Investment and development fund	418		885,751,532	136,338,550
4. Retained earnings	421		21,344,848,934	13,792,068,052
Beginning accumulated retained earnings	421a		2,104,266,295	(420,645,801)
Ending accumulated retained earnings	421b		19,240,582,639	14,212,713,853
5. Non-Controlling interest	429		8,998,049,290	7,476,645,156
TOTAL RESOURCES (440 = 300 + 400)	440		612,121,663,737	514,566,512,689



Tran Anh Tuan
Chief Executive Officer
Ho Chi Minh City, 28 March 2017


Tran Phan Thuy An
Chief Accountant


Nguyen Dinh Trong
Preparer

**SAOBACDAU TECHNOLOGIES CORPORATON
AND ITS SUBSIDIARIES**

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CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

Form B 02 - DN/HN

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

Expressed in VND

ITEMS	Code	Note	Year 2016	Year 2015
1. Revenue	01	6.1	853,058,665,770	727,556,983,409
2. Deductions	02		52,058,184	182,001,608
3. Net revenue	10		853,006,607,586	727,374,981,801
4. Cost of sales	11	6.2	721,112,257,257	608,392,182,311
5. Gross profit	20		131,894,350,329	118,982,799,490
6. Financial income	21	6.3	2,903,005,342	934,200,479
7. Financial expense	22	6.4	12,732,830,448	12,534,668,610
<i>Of which, interest expense</i>	23		10,868,662,494	10,346,681,352
8. Selling expense	25	6.5	41,448,358,391	40,264,762,328
9. General and administration expense	26	6.6	64,219,648,018	53,690,688,168
10. Operating profit/(loss)	30		16,396,518,814	13,426,880,863
11. Other income	31	6.7	7,115,854,857	4,636,288,266
12. Other expense	32		2,053,158,237	72,558,137
13. Net other income/(loss)	40		5,062,696,620	4,563,730,129
14. Accounting profit/(loss) before tax	50		21,459,215,434	17,990,610,992
15. Current corporate income tax expense	51	6.9	4,796,167,437	4,021,846,388
16. Deferred corporate income tax expense	52		18,876,332	-
17. Net profit/(loss) after tax	60		16,644,171,665	13,968,764,604
18. Owners of the parent company	61		17,137,086,528	13,631,387,205
19. Non-controlling interests	62		(492,914,863)	337,377,399
20. Basic earnings per share	70	5.17.5	2,046	1,653
21. Diluted earnings per share	71	5.17.5	2,046	1,653



Tran Anh Tuan
Chief Executive Officer
Ho Chi Minh City, 28 March 2017

Tran Phan Thuy An
Chief Accountant

Nguyen Dinh Trong
Preparer

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CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

Form B 03 - DN/HN

CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the year ended 31 December 2016

Expressed in VND

ITEMS	Code	Note	Year 2016	Year 2015
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit /(loss) before taxes	01		21,459,215,434	17,990,610,992
2. Adjustment for:				
Depreciation and amortisation	02	6.8	21,103,727,771	19,225,140,933
Provisions	03		2,058,299,835	751,346,234
Unrealised foreign exchange gains/losses from revaluation of foreign currency monetary items	04		490,687,321	-
Gains/losses from investment	05		(2,889,995,972)	134,563,324
Interest expense	06	6.4	10,868,662,494	10,346,681,352
3. Operating profit /(loss) before adjustments to working capital	08		53,090,596,883	48,448,342,835
Increase or decrease in accounts receivable	09		(923,014,188)	(99,136,982,389)
Increase or decrease in inventories	10		(66,619,259,223)	(25,584,923,305)
Increase or decrease in accounts payable (excluding interest expense and CIT payable)	11		27,576,725,156	116,217,774,765
Increase or decrease prepaid expenses	12		(1,654,858,947)	(28,707,028,917)
Interest paid	14		(10,858,415,464)	(10,063,914,063)
Corporate income tax paid	15	5.11	(5,230,362,594)	(3,132,255,079)
Other cash outflows from operating activities	17		-	197,592,102
Net cash from operating activities	20		(4,618,588,377)	(1,761,394,051)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Acquisition and construction of fixed assets and other long-term assets	21		(17,714,280,739)	(37,911,315,666)
2. Proceeds from disposals of fixed assets and other long-term assets	22		598,325,275	100,000,000
3. Loans to other entities and payments for purchase of debt instruments of other entities	23		(17,500,000,000)	-
4. Repayments from borrowers and proceeds from sales of debts instruments of other entities	24		17,500,000,000	-
5. Interest and dividends received	27		1,108,188,751	363,407,318
Net cash from investing activities	30		(16,007,766,713)	(37,447,908,348)

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CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

Form B 03 - DN/HN

CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the year ended 31 December 2016

Expressed in VND

ITEMS	Code	Note	Year 2016	Year 2015
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from issuing stocks and capital contribution from owners	31		1,600,000,000	850,000,000
2. Capital redemption, payments for shares repurchases	32		(2,000,000,000)	-
3. Proceeds from borrowings	33	7.1	496,823,906,673	425,301,891,937
4. Repayment of borrowings	34	7.2	(427,222,342,200)	(378,568,890,626)
5. Dividends paid	36		(7,748,597,249)	(7,960,164,050)
Net cash from financing activities	40		61,452,967,224	39,622,837,261
NET INCREASE IN CASH	50		40,826,612,134	413,534,862
Cash and cash equivalents at beginning of year	60		17,554,131,683	17,140,596,821
Impact of exchange rate fluctuation	61		62,160,827	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	70	5.1	58,442,904,644	17,554,131,683



Tran Anh Tuan
Chief Executive Officer
Ho Chi Minh City, 28 March 2017

Tran Phan Thuy An
Chief Accountant

Nguyen Dinh Trong
Preparer

**SAOBACDAU TECHNOLOGIES CORPORATION
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CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2016
Form B 09 – DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1. Structure of ownership

SaoBacDau Technologies Corporation (hereinafter referred to as “the Company”) had formerly been known as Informatics Service Provider Limited Company. On 30 August 2007, the Company was transformed into a joint stock company by the name of SaoBacDau Technologies Corporation under Business Registration Certificate No. 4103002093 dated 11 February 2004 and other amended certificates thereafter with the latest one dated 25 July 2016 granted by Ho Chi Minh City’s Department of Planning and Investment.

The Company was registered as a public company with State Securities Commission on 11 December 2007.

The charter capital as stipulated in the Business Registration Certificate is VND 84,879,070,000, as follows:

Investors	As at 31 Dec. 2016		As at 01 Jan. 2016	
	Amount (VND)	Percent (%)	Amount (VND)	Percent (%)
Mr Nguyen Duc Quang	16,661,990,000	19.63	16,661,990,000	20.10
Other shareholders	68,217,080,000	80.37	66,217,080,000	79.90
Total	84,879,070,000	100.00	82,879,070,000	100.00

The Company’s registered head office is at Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City.

The Company has subsidiaries as represented in Note 1.6 below (together with the Company hereinafter referred to as “the Group”).

The Company’s branches as at 31 December 2016 include:

- Ha Noi Branch: The 15th Floor, Lilama10 Tower, To Huu Street, Trung Van Ward, Nam Tu Liem District, Ha Noi City.
- Da Nang Branch: 02 Quang Trung Street, Thach Thang Ward, Hai Chau District, Da Nang City.

The number of employees of the Group as at 31 December 2016 was 272 (31 December 2015: 255).

1.2. Business field

Trading and services.

1.3. Operating industry and principal activities

Business Registration Certificate the Group’s principal activities include:

Producing, assembling, and repairing informatics and electronics products. Trading in household appliances, informatics and electronics products, office – equipment, cables, kinds of snap-in, and electronic components. The consignment of goods agent, trading agency, office machine for rent, trading in telephones, fax, PABX switchboard (included 32 numbers). Trading, installing and maintaining informatics and electronics equipment, informatics network. Trading, producing, installing, maintaining telecommunications equipment. Trading, providing telecommunications service agent.

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CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Trading and producing informatics software, designed web. Scientific services: integrating systems, making over information technology. Providing information upload to internet, providing internet services agent (not including internet service providing agent in head office). Consultant, training informatics and telecommunications technology. Designing computer networking system. Office for rent. Trading, installing, repairing, maintaining electrical equipment, automatic control equipment (not including processing mechanic, producing electroplate, recycling waste at head office). Consulting technology transfer. Vocational training. Trading in software, machine, equipment in radio-broadcasting and television. Producing, trading and releasing films, films tabs and discs of being granted for circulations. Trading in real estates. Construction of industrial civil projects. Plane tickets agent. Scientific Services: integrated system, technology transfer.

1.4. Normal operating cycle

The Group's normal operating cycle is carried out for a time period of 12 month.

1.5. The Group's structure

At the beginning of 2016, the Group was organised into a direct ownership structure which comprised the parent company and 02 direct subsidiaries. In 2016, the parent company undertook reorganisation by transferring up a subsidiary to result in a change in the Group's ownership structure including the parent company and 03 subsidiaries.

1.6. Consolidated subsidiaries

Direct subsidiaries:

No.	Name	Address	Voting rights	Per cent interest
1.	Sao Bac Dau Technology Service Joint Stock Company	Topaz Building, 92 Nguyen Huu Canh, Ward 22, Binh Thanh District, Ho Chi Minh City	69,00%	76,67%
2.	Sao Bac Dau Digital Technologies Joint Stock Company	8th Floor, Loyal Building, 151 Vo Thi Sau Street, Ward 6, District 3, Ho Chi Minh City	74,00%	74,00%
3.	Sao Bac Dau Telecom Joint Stock Company	1st Floor, Lilama 10 Tower, To Huu Street, Trung Van Ward, Nam Tu Liem District, Ha Noi City	60,00%	60,00%

2. ACCOUNTING CONVENTION, FINANCIAL YEAR AND REPORTING CURRENCY

2.1. Accounting convention

The accompanying consolidated financial statements, expressed in VND, are prepared in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing accounting regulations in Vietnam.

2.2. Financial year

The Group's financial year is from 01 January to 31 December.

2.3. Reporting and functional currency

The Group maintains its accounting records in Vietnamese Dong (VND).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. ACCOUNTING STANDARDS, ACCOUNTING SYSTEM

3.1. Accounting standards, accounting system

The Group has adopted Vietnamese Accounting Standards and Vietnamese Corporate Accounting System.

3.2. Statement of compliance with Vietnamese Accounting Standards and Vietnamese Corporate Accounting System

The Group's consolidated financial statements for the year ended 31 December 2016 are prepared in accordance with Vietnamese Accounting Standards and Vietnamese Corporate Accounting System.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Applicable exchange rates

The exchange rates applicable in accounting are as follows:

- The exchange rates announced by Bank for Foreign Trade of Vietnam are applied in accounting;
- The exchange rate applicable to asset recognition and re-evaluation is the foreign currency-buying rate;
- The exchange rate applicable to liability recognition and re-evaluation is the foreign currency-selling rate;
- Exchange rates applicable to the other transactions are the foreign currency-buying rate/ the foreign currency-selling rate.

Transactions in foreign currencies are recorded, on initial recognition, in the reporting currency, by applying to the foreign currency amount the spot exchange rate between the reporting currency and the foreign currency at the date of the transaction. The exchange differences arising on the settlement of monetary items are recognised in profit or loss in the year in which they arise. At the end of the reporting year, monetary items excluding advances to suppliers, prepaid expenses, and unearned revenues, which are denominated in foreign currency, are reported using the closing rate and resultant exchange differences resulting from the reporting after offset are recognised in profit or loss in the year in which they arise.

4.2. Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that impact the carrying value of certain assets and liabilities, contingent assets and liabilities reported in the notes as well as revenues and expenses in the consolidated financial statements for the year ended 31 December 2016. Although these estimates are based on management's best knowledge of all relevant information available at the date when the consolidated financial statements are prepared, this does not prevent actual figures differing from estimates.

4.3. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, cash in transit and current investments for a period not exceeding 3 months or highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are defined the same as those under Accounting Standard "Statement of cash flows".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4.4. Account receivables

Recognition method

Account receivables are classified into trade receivables, intra-company receivables and other receivables based on the rule: Trade receivables represent those arising from purchase and sale related transactions; intra-company receivables represent those between the entity and its dependent accounting units having no legal status; the remaining receivables are classified as other receivables.

Account receivables are also classified according to the maturity date, the remaining term from the date of the financial statements, original currency, and each debtor.

At the year end, the receivables satisfying the definition of 'monetary items denominated in foreign currency' are reported using the closing rate.

Account receivables are recognised only to the recoverable extent.

Provision for doubtful debts

Provisions for doubtful debts are recognised for past-due accounts and for accounts where circumstances indicate that they might not be recoverable. The provision for doubtful debts is recognised in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by Ministry of Finance.

The difference between the required balance and the existing balance of provision for doubtful debts is recorded as a general and administrative expense in the consolidated income statement.

4.5. Inventories

Inventory measurement

Inventories are measured at the lower of cost and net realisable value.

The costs of inventories shall comprise all costs of purchase, costs of conversion, and other costs incurred in bringing inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory cost formulas

Inventories are measured using the first-in, first-out method.

Method of accounting for inventories

Inventories are recorded under the perpetual inventory method.

Provision for decline in value of inventories

Whereby the year-end, the net realisable value of inventories is lower than cost, a provision for decline in value of inventories is recognised.

The provision is an excess of the cost of inventories over their net realisable value. The provision is recognised for obsolete, slow-moving and defective inventory items in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by Ministry of Finance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The difference between the required balance and the existing balance of the provision for a decline in value of inventories is included in cost of sales in the consolidated income statement.

Inventories are written down to net realisable value on an item-by-item basis. For services being rendered, provision is recognised in respect of each service for which a separate selling price will be charged.

Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

4.6. Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation.

Tangible fixed asset recognition

Tangible fixed assets are initially recognised at their cost. The cost of purchased tangible fixed assets comprises the purchase price and any directly attributable costs of bringing the assets to their present location and working condition for their intended use. Accessories added to fixed assets when purchased are recognised separately at their fair value and deducted from the historical cost of the respective tangible fixed assets.

The costs of tangible fixed assets constructed by contractors are the finalised costs of the construction, other directly related expenses and the registration fee (if any).

The costs of self-made and self-constructed tangible fixed assets comprise the construction costs, actually incurred manufacturing costs plus installation and test run costs.

Depreciation and amortisation

The costs of fixed assets are depreciated on a straight-line method over their estimated useful lives.

The estimated useful lives are as follows:

	<u>Năm 2016</u>
▪ Buildings, structures	15 years
▪ Machinery and equipment	3 - 10 years
▪ Motor vehicles	6 years
▪ Management equipment	2 - 8 years

4.7. Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation.

Intangible fixed asset recognition

Intangible fixed assets are initially recognised at their cost. The cost of an intangible fixed asset comprises the total amount of expense incurred by the Group to acquire an asset at the time the asset is put into operation for its intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Accounting principles for intangible fixed assets

Computer software

Computer software is not an indispensable component of hardware and is recognised as an intangible asset and depreciated over its useful life.

4.8. Leases

Leases classification

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases

Assets subject to operating leases are recognised in the consolidated statement of financial position according to the Group's asset classification pattern.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term without depending on the payment terms.

Depreciation of assets subject to operating leases is consistent with the depreciation policy of the lessor for similar assets.

4.9. Leases

Operating leases

Assets subject to operating leases are recognised in the statement of financial position according to the Company's asset classification pattern.

Initial direct costs to generate income from operating leases are recognised as expenses amortised over the lease term. Lease income from operating leases is recognised in the income statement on a straight-line basis over the lease term regardless of payment methods.

Depreciation of assets subject to operating leases is consistent with the depreciation policy of the lessor for similar assets.

4.10. Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4.11. Prepayments

Prepayments are classified as current and non-current based on their original term. Prepayments mainly comprise costs of tools and supplies and land rentals and cost of goods sold of projects not yet finishing which are amortised over the period for which they are paid or the period in which economic benefits are generated in relation to these expenses.

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The following expenses are recognised as prepayments and amortised to the consolidated income statement:

- Land use right at Lot U12B - 16A, Street 22, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam is amortized over the lease term of 30 years;
- Tools and supplies are amortised to the consolidated income statement over 01 to 03 years.

4.12. Liabilities

Liabilities are classified into trade payables, intra-company payables and other payables based on the following rules: Trade payables represent those arising from purchase and sale related transactions of goods, services or assets and the seller is independent of the buyer; intra-company payables represent those between the entity and its dependent accounting units having no legal status; the remaining payables are classified as other payables.

Liabilities are also classified according to the maturity date, the remaining term from the date of the consolidated financial statements, original currency, and each creditor.

Liabilities are recognised at no less than the payment obligation.

4.13. Accrued expenses

Accrued expenses represent expenses that will be paid in the future for goods or services received but not yet paid due to lack of invoices or accounting documents. These expenses are recognised as operating expenses of the reporting year.

4.14. Severance allowance to employees

Pursuant to the Law on Social Insurance, effective from 01 January 2009, the Group and its employees are required to contribute to the unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the government from time to time. With the implementation of the unemployment scheme, the Group is no longer required to provide for severance allowance for the service period after 01 January 2009. In addition, according to Circular 180/2012/TT-BTC dated 24 October 2012 issued by Ministry of Finance, since the financial year 2012, the Group has not provided for severance allowance under Circular 82/2003/TT-BTC dated 14 August 2003 issued by Ministry of Finance and the severance allowance outstanding (if any) was reversed in 2012.

4.15. Unearned revenues

Unearned revenues include advanced payments for one or more accounting periods.

Unearned revenues are periodically determined and transferred into revenues according to the lease term.

4.16. Owner's equity

The owners' equity

The owners' equity is recognised when contributed.

Treasury shares

Treasury shares are recognised at purchased cost and presented in the consolidated statement of financial position as a deduction from equity.

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Dividends

Dividends are recognised as a liability at the date of declaring dividends.

Reserves

Reserves are created at certain percentages of profit after tax as prescribed in the Group's charter.

Retained earnings

Net profit after income tax can be distributed to shareholders after the distribution is approved the General annual meeting of shareholders and reserves are created in accordance with the Group's Charter and legal regulations in Vietnam.

4.17. Revenue, other income

Revenue from selling goods

Revenue from selling goods is measured at the fair value of the consideration received or receivable. In most cases, revenue is recognised when transferring the risks and rewards of ownership to the buyer.

Revenue involving the rendering of services

Revenue of a transaction involving the rendering of services is recognised when the outcome of this transaction can be estimated reliably. When a transaction involving the rendering of services is attributable to several periods, each period's revenue is recognised by reference to the stage of completion at the end of the reporting period.

4.18. Deductions

Deductions include trade discounts, allowances and sale returns.

Deductions arising in the reporting year from consumption of products, goods and services are recognised as decreases in revenue in that year; Deductions arising after the end of the reporting year but prior to issuing the consolidated financial statements for the reporting year are recognised as decreases in revenue of the reporting year; Deductions arising after the end of the reporting year and after issuing the consolidated financial statements for the reporting year are recognised as decreases in revenue of the next year.

4.19. Cost of sales

Cost of sales is recognised in the period that is matched with the related revenue. Abnormal amounts of production costs of inventories are recognised immediately in cost of sales.

4.20. Financial expense

Financial expenses represent all expenses incurred in the reporting year which mainly include borrowing costs, losses from selling foreign currency and exchange rates.

4.21. Selling expense and general and administration expense

Selling expenses represent expenses incurred during the process of selling products, goods and rendering services, which include payroll costs for selling employees (salaries, wages, allowances, etc.); social insurance, health insurance, trade union fees and unemployment insurance; product warranty, service and other expense.

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General and administration expenses represent common expenses, which include payroll costs for office employees (salaries, wages, allowances, etc.); social insurance, health insurance, trade union fees and unemployment insurance; stationery expenses, material expenses, depreciation expenses of fixed assets used for administration activities; land rental, license tax; provision for doubtful debts; utility services (electricity expenses, water expenses, phone, fax, warranty expenses, etc.); sundry expenses (entertainment, customer conference, etc.).

4.22. Taxation

Corporate income tax

Current corporate income tax expense

Current corporate tax expense is determined on the basis of taxable income and the rate of corporate income tax (CIT) of the current year at 20%.

Deferred corporate income tax expense

Deferred corporate tax expense is determined on the basis of the deductible temporary differences, taxable temporary differences and the estimated CIT rate that will be applied for the years that assets and liabilities will be recovered. The tax rates used will be the tax rates (and tax laws) that are in effect at the financial year - end.

Deferred tax liability is recognised for all taxable temporary differences, unless:

- The deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).
- All taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures when the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless:

- The deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of transaction, affects neither accounting profit nor taxable profit (tax loss).
- The deferred tax assets for all deductible temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures are only recognised when it is probable that the temporary difference will reverse in the foreseeable future; and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of a deferred tax asset shall be reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reverted to the extent it becomes probable that sufficient taxable profit will be available.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity.

Deferred tax assets and deferred tax liabilities are only offset if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets

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and the deferred tax liabilities relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value added tax

The goods sold and services rendered by the Group are subject to value added tax at the following rates:

- Computer software: 0%;
- Equipment exported to non-tariff zones: 0%;
- Goods: 10%;
- Rental services and other services: 10%.

Other taxes

Other taxes are applicable in accordance with the prevailing tax laws in Vietnam.

The tax reports of the companies in the Group will be inspected by the Tax Department. Application of the laws and regulations on tax to different transactions can be interpreted by many ways; therefore, the tax amounts presented in the consolidated financial statements can be amended in accordance with the Tax Department's final assessment for the companies.

4.23. Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders (after adjusted for bonus and welfare funds), by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares bought back by the Group and held as treasury shares.

4.24. Diluted earnings per share

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders (after adjusted for bonus and welfare funds), by the weighted average number of ordinary shares outstanding during the year and total ordinary shares that would be issued on the conversion, excluding ordinary shares bought back by the Group and held as treasury shares.

4.25. Consolidation principles

The consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and subsidiaries are presented as those of a single economic entity regardless of the legal structure of the entities. The financial statements of the subsidiaries have been prepared for the same financial year using uniform accounting policies to those used by the parent company. Adjustments were made for any different accounting policies to ensure consistency between the subsidiaries and the parent company.

Non-controlling interest recognition

Non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and in the consolidated income statement.

The loss of a subsidiary is attributed to the non-controlling interests in proportion to their relative interests in the subsidiary even if this results in the non-controlling interests having a deficit balance.

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Intra-group transactions elimination

All intra-group transactions, balances, income and expenses - including unrealised intra-group profits or losses - are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions that are deducted in arriving at the carrying amount of assets are also eliminated unless the cost cannot be recovered.

5. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1. Cash and cash equivalents

	As at 31 Dec. 2016 VND	As at 01 Jan. 2016 VND
Cash in hand	9,175,766,351	891,024,163
Cash at banks	34,767,138,293	16,518,660,446
Cash equivalent	14,500,000,000	144,447,074
Total	<u>58,442,904,644</u>	<u>17,554,131,683</u>

Cash equivalent represented term deposits at A Chau Bank with interest rate from 4.6% per year to 5% per year for a period not exceeding 3 months.

5.2. Current trade receivables

	As at 31 Dec. 2016 VND	As at 01 Jan. 2016 VND
Project Management Unit of construction of Ministry of Foreign Affairs headquarters	38,580,821,706	47,571,328,706
Viettel Group	30,187,701,500	-
Dong Nai Power Company Limited	15,192,700,000	-
Quang Trung Software City Service JSC	12,379,318,070	-
Deo Ca Investment JSC	11,894,925,445	-
Department of Information Technology	10,387,242,775	21,813,890,700
Others	133,586,559,328	154,947,581,195
Total	<u>252,209,268,824</u>	<u>224,332,800,601</u>

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5.3. Advances to suppliers

	As at 31 Dec. 2016 VND	As at 01 Jan. 2016 VND
Japan Radio Co., Ltd	4,406,036,484	-
Hai Thach Investment Construction JSC	1,627,534,977	-
Hung Phat Investment and Development JSC	1,498,170,984	-
Cuu Long Automation Technology Co., Ltd	-	32,814,376,320
Tri Nam Technology Development Investment JSC	-	20,447,224,654
F5 Networks Inc	-	182,160,000
Others	3,559,839,489	11,791,791,147
Total	11,091,581,934	65,235,552,121

5.4. Other current receivables

	As at 31 Dec. 2016 VND		As at 01 Jan. 2016 VND	
	Value	Provision	Value	Provision
Receivables from employees	2,688,856,068	-	2,116,814,971	-
Deposits	57,619,394,048	-	31,297,382,295	-
Other receivables	1,367,366,465	-	4,232,950,293	-
Total	61,675,616,581	-	37,647,147,559	-

5.5. Inventories

	As at 31 Dec. 2016 VND		As at 01 Jan. 2016 VND	
	Cost	Provision	Cost	Provision
The Company's stock	15,648,461,277	(3,932,577,459)	49,417,675,118	(1,874,277,624)
Goods issued to implement	92,427,611,177	-	11,542,859,799	-
Leased warehouse	57,527,820	-	49,244,921	-
Ha Noi Branch	522,475,874	-	328,992,814	-
Raw materials	353,082,698	-	325,876,801	-
Work in progress	53,006,057,749	-	33,731,307,919	-
Total	162,015,216,595	(3,932,577,459)	95,395,957,372	(1,874,277,624)

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5.6. Tangible fixed assets

Items	Buildings, structures VND	Machinery and equipment VND	Means of transportations VND	Equipment, management tools VND	Total VND
Cost:					
As at 01 Jan. 2016	15,138,594,055	77,150,957,052	21,642,498,535	383,334,423	114,315,384,065
Purchase	-	14,708,701,982	732,137,209	-	15,440,839,191
Self-construction	-	-	189,342,393	-	189,342,393
Disposals	-	(407,774,939)	(744,700,000)	-	(1,152,474,939)
As at 31 Dec. 2016	15,138,594,055	91,451,884,095	21,819,278,137	383,334,423	128,793,090,710
Accumulated depreciation:					
As at 01 Jan. 2016	4,498,087,005	35,139,968,583	11,040,874,278	251,677,617	50,930,607,483
Depreciation	1,013,381,623	18,386,991,441	2,820,588,984	70,213,140	22,291,175,188
Disposals	-	(407,774,939)	(548,181,946)	-	(955,956,885)
As at 31 Dec. 2016	5,511,468,628	53,119,185,085	13,313,281,316	321,890,757	72,265,825,786
Net book value:					
As at 01 Jan. 2016	10,640,507,050	42,010,988,469	10,601,624,257	131,656,806	63,384,776,582
As at 31 Dec. 2016	9,627,125,427	38,332,699,010	8,505,996,821	61,443,666	56,527,264,924

The amount of year-end net book value of tangible fixed assets pledged/mortgaged as loan security totalled VND 9,627,125,427 – Refer to Note 5.16.

The historical cost of tangible fixed assets fully depreciated but still in use totalled VND 19,526,975,852.

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5.7. Intangible fixed assets

	As at 01 Jan. 2016 VND	Increase VND	Decrease VND	As at 31 Dec. 2016 VND
Administration software				
Cost	1,341,223,555	143,790,094	-	1,485,013,649
Accumulated amortization	(1,283,720,144)	(46,399,927)	-	(1,330,120,071)
Net book value	<u>57,503,411</u>			<u>154,893,578</u>

5.8. Non – current prepayments

	As at 31 Dec. 2016 VND	As at 01 Jan. 2016 VND
Land use right	8,694,178,890	9,070,887,544
Tools and consumable expenditure	2,556,743,091	1,719,177,978
Others	1,647,822,358	903,612,537
Total	<u>12,898,744,339</u>	<u>11,693,678,059</u>

Of which, the land use right at Lot U12B-16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City belonging to the parent company was mortgaged as current loans security totalled VND 8,694,178,890 – Refer to Note 5.16.

5.9. Current Trade payables

	As at 31 Dec. 2016 VND		As at 01 Jan. 2016 VND	
	Value	Payable value	Value	Payable value
Blue Sky Solutions Global Trading Co., Ltd	34,877,140,140	34,877,140,140	24,566,071,853	24,566,071,853
A1 Technology JSC	29,771,314,084	29,771,314,084	-	-
Azbil Vietnam Co., Ltd	28,614,169,464	28,614,169,464	40,375,898,862	40,375,898,862
AV United Pty Ltd	19,239,412,806	19,239,412,806	-	-
FPT Distribution Co., Ltd	15,565,739,734	15,565,739,734	-	-
Elite Technology JSC	455,714,072	455,714,072	2,609,739,278	2,609,739,278
Others	126,133,938,758	126,133,938,758	117,863,804,994	117,863,804,994
Total	<u>254,657,429,058</u>	<u>254,657,429,058</u>	<u>185,415,514,987</u>	<u>185,415,514,987</u>

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5.10. Current advances from customers

	As at 31 Dec. 2016		As at 01 Jan. 2016	
	Value	Payable value	Value	Payable value
Hai Thach Building Investment Joint Stock Company	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Nam A Commercial Joint Stock Bank	9,542,618,000	9,542,618,000	9,542,618,000	9,542,618,000
Sun Ivy Joint Venture Co., Ltd	1,030,119,552	1,030,119,552	1,030,119,552	1,030,119,552
Nam Thang Co., Ltd	1,500,000,000	1,500,000,000	-	-
Deo Ca Investment, JSC	-	-	32,834,213,620	32,834,213,620
Vietnam Coast Guard	-	-	11,686,078,905	11,686,078,905
Others	3,769,822,137	3,769,822,137	6,151,443,794	6,151,443,794
Total	25,842,559,689	25,842,559,689	71,244,473,871	71,244,473,871

5.11. Tax and amounts payable to the state budget

	As at 01 Jan. 2016 VND	Payable VND	Paid VND	As at 31 Dec. 2016 VND
Value added tax	3,850,207,987	36,636,736,253	39,253,978,789	1,232,965,451
Export, import	61,561	51,153,034	51,214,595	-
Corporate income tax	3,757,999,235	4,796,167,437	5,230,362,594	3,323,804,078
Personal income tax	1,130,322,804	2,756,279,648	3,185,154,615	701,447,837
Other taxes	-	1,620,855,936	1,161,201,463	829,522,762
Total	8,738,591,587	45,861,192,308	48,881,912,056	6,087,740,128

5.12. Payable to employees

Representing the 13th month salaries, bonus payable for positive performance and management's bonuses of 2016 payable to employees.

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5.13. Accrued expenses

	As at 31 Dec. 2016 VND	As at 01 Jan. 2016 VND
Current:		
Accrued expense matched with service revenues	5,889,019,525	10,837,459,555
Cable television services payable	27,003,548	14,235,358
Other accrued expense	330,226,864	176,219,396
Total	<u>6,246,249,937</u>	<u>11,027,914,309</u>
Non – current:		
Payables to the owner of the building	1,272,784,566	1,239,101,631

5.14. Unearned revenue

Of which, unearned revenues from providing Internet services to the customer under Contract No.10 (DNG8b-DC) dated 25 August 2012 between the Group and Technology Development Project Management and Communication Board in Da Nang amounted to VND 4,460,000,000.

5.15. Other current payables

	As at 31 Dec. 2016 VND	As at 01 Jan. 2016 VND
Trade union dues	1,029,817,029	975,054,329
Current deposits	517,810,000	449,000,000
Borrowings	300,000,000	100,000,000
Other payables	2,283,475,422	1,792,621,832
Total	<u>4,131,102,451</u>	<u>3,316,676,161</u>

(See the next page)

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5.16. Loans and finance lease liabilities

Loans and finance lease liabilities are analysed as follows:

	As at 31 Dec. 2016		Movements in the year		As at 01 Jan. 2016	
	Value	Payable value	Increase	Decrease	Value	Payable value
	VND		VND		VND	
Current:						
Bank loans	183,964,514,904	183,964,514,904	494,435,412,772	412,059,584,046	101,588,686,178	101,588,686,178
Other loans	-	-	2,388,493,901	7,973,054,528	5,584,560,627	5,584,560,627
Current portion of long-term liabilities	5,010,000,000	5,010,000,000	5,010,000,000	6,554,704,626	6,554,704,626	6,554,704,626
Subtotal	188,974,514,904	188,974,514,904	501,833,906,673	426,587,343,200	113,727,951,431	113,727,951,431
Non - current:						
Bank loans	5,010,000,000	5,010,000,000	-	7,189,703,626	12,199,703,626	12,199,703,626
Less: Current portion of long-term liabilities	(5,010,000,000)	(5,010,000,000)	(5,010,000,000)	(6,554,704,626)	(6,554,704,626)	(6,554,704,626)
Subtotal	-	-	(5,010,000,000)	634,999,000	5,644,999,000	5,644,999,000
Total	192,974,514,904	192,974,514,904	496,823,906,673	427,222,342,200	72,327,391,349	72,327,391,349

Current bank loans bear the interest rates from 6% per year to 7.5% per year for VND. Non-current bank loans with a term of 3 years bear the interest rates from 6.8% per year to 8.5% per year. These loans were mortgaged by:

- The office and land use rights at Lot U12B-16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City belong to the Company at carrying amount of VND 9,627,125,427 and VND 8,694,178,890, respectively – Refer to Notes 5.6 and 5.8;
- The right to claims arising from the economic contracts signed between the Group and customers;
- Goods, account receivables, deposit contracts, saving accounts, deposit amounts, etc. created by these loans;
- Deposits, assets and receivables arising from the project financed by the loans.

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5.17. Owner's equity

5.17.1. Changes in owner's equity

	Items of owner's equity						Total VND
	Owner's contributed capital VND	Capital surplus VND	Treasury shares VND	Investment & development fund VND	Retained earnings VND	Non- controlling interest VND	
As at 01 Jan. 2015	80,000,000,000	1,123,900	(3,963,240,000)	1,710,667,069	13,791,496,428	6,506,267,757	98,046,315,154
Previous year's capital increase	2,879,070,000	(1,123,900)	-	(1,710,667,069)	(1,167,279,031)	850,000,000	850,000,000
Previous year's profits	-	-	-	-	13,631,387,205	337,377,399	13,968,764,604
Dividends declared	-	-	-	-	(8,363,958,000)	(217,000,000)	(8,580,958,000)
Distributed to funds	-	-	-	136,338,550	(136,338,550)	-	-
Other decrease	-	-	3,963,240,000	-	(3,963,240,000)	-	-
As at 01 Jan. 2016	82,879,070,000	-	-	136,338,550	13,792,068,052	7,476,645,156	104,284,121,758
Current year's capital increase	2,000,000,000	-	-	-	-	2,850,000,000	4,850,000,000
Current year's profits	-	-	-	-	17,137,086,528	(492,914,863)	16,644,171,665
Treasury shares	-	-	(1,533,333,333)	-	-	(466,666,667)	(2,000,000,000)
Dividends declared	-	-	-	-	(8,287,907,000)	(916,000,000)	(9,203,907,000)
Distributed to funds	-	-	-	749,412,982	(749,412,982)	-	-
Other	-	-	-	-	(546,985,664)	546,985,664	-
As at 31 Dec. 2016	84,879,070,000	-	(1,533,333,333)	885,751,532	21,344,848,934	8,998,049,290	114,574,386,423

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5.17.2. Details of owner's equity

	As at 31 Dec. 2016 VND	As at 01 Jan. 2016 VND
Mr Nguyen Duc Quang	16,661,990,000	16,661,990,000
Others	68,217,080,000	66,217,080,000
Total	84,879,070,000	82,879,070,000

5.17.3. Capital transactions with owners and dividend, profit distribution

	Year 2016 VND	Year 2015 VND
Owner's contributed capital:		
Beginning balance	82,879,070,000	80,000,000,000
Capital contribution in the year	2,000,000,000	2,879,070,000
Ending balance	84,879,070,000	82,879,070,000
Dividends, profits declared	8,287,907,000	8,363,958,000

5.17.4. Shares

	As at 31 Dec. 2016	As at 01 Jan. 2016
Number of ordinary shares registered for issue	8,487,907	8,287,907
Number of ordinary shares sold to public	8,487,907	8,287,907
Number of ordinary shares outstanding	8,487,907	8,287,907

Par value per outstanding share: VND 10,000 per share.

5.17.5. Basic earnings and diluted earnings per share

	Year 2016 VND	Year 2015 VND
Profit or loss after tax attributable to ordinary share holders	16,245,712,009	13,631,387,205
Adjusted for bonus and welfare fund distribution	-	-
Earnings for the purpose of calculating basic earnings and diluted earnings per share	16,245,712,009	13,631,387,205
Weighted average number of ordinary shares outstanding during the year	8,375,030	8,244,009
Basic earnings and diluted earnings per share	1,940	1,653

5.18. Off consolidated statement of financial position items

	As at 31 Dec. 2016	As at 01 Jan. 2016
Foreign currencies:		
USD	50,891.41	9,088.39

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6. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE CONSOLIDATED INCOME STATEMENT

6.1. Revenue from selling goods and rendering services

	Year 2016 VND	Year 2015 VND
Sale of goods	771,175,308,899	581,606,041,771
Rendering of services	80,018,756,141	144,551,248,012
Others	1,864,600,730	1,399,693,626
Total	<u>853,058,665,770</u>	<u>727,556,983,409</u>

6.2. Cost of sales

	Year 2016 VND	Year 2015 VND
Cost of merchandise sold	644,712,064,169	467,521,262,043
Cost of services rendered	75,055,779,204	139,636,157,542
Others	1,344,413,884	1,234,762,726
Total	<u>721,112,257,257</u>	<u>608,392,182,311</u>

6.3. Financial income

	Year 2016 VND	Year 2015 VND
Deposit and loan interest	2,233,326,899	363,407,318
Gains from exchange differences	653,149,917	570,065,367
Other financial income	16,528,526	727,794
Total	<u>2,903,005,342</u>	<u>934,200,479</u>

6.4. Financial expense

	Year 2016 VND	Year 2015 VND
Interest expense	10,868,662,494	10,346,681,352
Losses from exchange differences	1,403,094,495	2,148,069,462
Other financial expense	461,073,459	39,917,796
Total	<u>12,732,830,448</u>	<u>12,534,668,610</u>

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6.5. Selling expense

	<u>Year 2016</u> <u>VND</u>	<u>Year 2015</u> <u>VND</u>
Employee expense	23,401,288,214	16,628,865,919
Stationery expense	585,027,152	483,282,850
Depreciation expense	38,451,452	6,243,159,576
Warranty expense	183,211,360	121,442,432
Pre-sales expense	1,837,720,177	1,616,424,331
Fees for issuance and extension of the letter of credit	2,828,698,871	5,966,022,412
Service expense	2,114,531,752	1,379,877,974
Other expense	10,459,429,413	7,825,686,834
Total	<u>41,448,358,391</u>	<u>40,264,762,328</u>

6.6. General and administration expense

	<u>Year 2016</u> <u>VND</u>	<u>Year 2015</u> <u>VND</u>
Employee expense	40,807,050,888	36,944,577,213
Material, office stationery expense	1,856,047,415	1,407,679,348
Depreciation expense	2,360,015,926	3,511,704,075
Taxation, fee and charges	65,660,669	5,675,000
Provision expense	-	845,264,674
Utility expense	2,499,492,260	2,978,482,067
Service expense	9,217,831,711	4,116,946,706
Other expense	7,413,549,149	3,880,359,085
Total	<u>64,219,648,018</u>	<u>53,690,688,168</u>

6.7. Other income

	<u>Year 2016</u> <u>VND</u>	<u>Year 2015</u> <u>VND</u>
Gains from disposal and sale of fixed assets	306,163,764	45,813,834
Proceeds from the contract penalty	1,676,883,764	-
Other income	5,132,807,329	4,590,474,432
Total	<u>7,115,854,857</u>	<u>4,636,288,266</u>

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6.8. Production and business costs by elements

	Year 2016	Year 2015
	VND	VND
Material expense	25,782,356,632	12,339,142,777
Employee expense	64,500,520,102	53,619,414,932
Depreciation expense	21,103,727,771	19,225,140,933
Provision expense	-	845,264,674
Service expense	89,611,883,919	110,175,341,706
Others	20,697,500,186	13,425,232,019
Total	221,695,988,610	209,629,537,041

6.9. Current corporate income tax expense

The current corporate income tax expense was consolidated from the income tax expenses of the companies in the Group with a rate of 20% applied to all of the companies in the Group.

7. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE CONSOLIDATED CASH FLOW STATEMENT

7.1. Cash receipts from loans in the year

	Year 2016	Year 2015
	VND	VND
Cash receipts from loans under normal contracts	496,823,906,673	425,301,891,937

7.2. Cash repayments of principal amounts borrowed

	Year 2016	Year 2015
	VND	VND
Cash repayment of principal amounts under normal contracts	(427,222,342,200)	(378,568,890,626)

8. SEGMENT REPORTING

According to the Group's General director's assessment, risk and profitability ratios of the Group are not affected by differences in products or different geographic areas in which the Company operates, as follows:

- Segment reporting according to the business activities: Business activities of the Group mainly supplies electronic equipment and services, information technology, integrating systems, making over information technology, so there is no difference in risk and economic benefits in the operations of the Group.
- Segment reporting according to the geographic areas: There is no segment reporting according to the geographical area as the operations of the Group are almost in Ho Chi Minh City, so there is no difference in risk and economic benefits which are necessary to be disclosed.

Therefore, the Group has no segment reporting by business and geographic areas.

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9. RELATED PARTIES

In the year, the Group transacted with the following related parties:

<u>List of related parties</u>	<u>Relationship</u>
1. Mr Tran Anh Tuan	Chief Executive Officer

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in full in consolidation.

Remunerations of the Board of Directors, the Management and key management personnel of the Company are as follows:

	<u>Year 2016</u> <u>VND</u>	<u>Year 2015</u> <u>VND</u>
Remunerations and other benefits	5,451,797,526	6,209,105,024

10. REMUNERATION OF THE CONTROL COMMITTEE

	<u>Year 2016</u> <u>VND</u>	<u>Year 2015</u> <u>VND</u>
Remunerations	226,578,400	209,578,400

11. COMPARATIVE FIGURES

The following comparative figures have been restated:

Consolidated statement of financial position (excerpted):

	<u>As at</u> <u>01 Jan. 2016</u> <u>VND</u> (Reclassified)	<u>As at</u> <u>01 Jan. 2016</u> <u>VND</u> (As previously reported)
Inventories	95,395,957,372	61,868,793,714
Current prepayment	708,994,238	34,236,157,896

The re-statement of the above comparative figures restated work in the process of projects which yet recognized revenue.

Consolidated Income statement (excerpted):

	<u>Year 2016</u> <u>VND</u> (Reclassified)	<u>Year 2015</u> <u>VND</u> (As previously reported)
Costs of sales	608,392,182,311	600,873,704,717
Selling expense	40,264,762,328	47,783,239,922

The re-statement of the above comparative figures restated depreciation expense of the leased assets in cost of rendering services.

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Consolidated cash-flow statement (excerpted):

In the year, the Group has changed the method of presenting the cash flow statement from direct method into indirect method.

12. EVENTS AFTER THE END OF THE REPORTING YEAR

There were no significant events arising after the end of the reporting year to the date of the consolidated financial statements.



Tran Anh Tuan
Chief Executive Officer
Ho Chi Minh City, 28 March 2017

Tran Phan Thuy An
Chief accountant

Nguyen Dinh Trong
Preparer